

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SALT RIVER WATER)
DISTRICT, OF BULLITT COUNTY, KENTUCKY)
FOR APPROVAL OF CONSTRUCTION, FINANCING) CASE NO. 10181
AND INCREASED RATES)

INTERIM ORDER

By amended application filed May 31, 1988, Salt River Water District ("Salt River") is seeking: (1) a certificate of public convenience and necessity for a \$1,668,316 waterworks improvements project referred to herein as the north project; (2) approval of the \$1,668,316 financing composed of \$599,816 in waterworks revenue bonds, a \$742,500 Community Development Block Grant, and a \$326,000 contribution by the Kentucky Turnpike Water District ("Kentucky Turnpike"); and (3) approval of a proposed rate increase. The request for a certificate of public convenience and necessity will be the only matter addressed herein. Salt River's construction financing, a total of \$2,700,300, was approved by the Order entered March 11, 1988 in the instant case. The proposed increase in rates will be subject to further investigation and possibly a public hearing.

Salt River's total construction work will extend from the Boy Scouts of America Camp at Bernheim Forest to a source of supply transmission main owned by Louisville Water Company at Mud Lane and Preston Highway (KY 61) in Jefferson County. The south

project extending southward from Shepherdsville was approved by the Order entered March 11, 1988 in the instant case. The north project extends from Shepherdsville through the service area of Kentucky Turnpike to the source of supply main. The purchase of water from Louisville Water Company will allow the inadequate treatment plant at Shepherdsville to be abandoned by Salt River.

Plans and specifications for the north project as completed by H. B. Sedoris, Jr., of Shepherdsville, Kentucky, for Presnell Associates, Inc., of Louisville, Kentucky ("Engineer"), have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

CONTINUITY OF ADEQUATE AND RELIABLE SERVICE

The evidence indicates that adequate and reliable service can be maintained throughout the expanded system after completion of the proposed construction, and Salt River is reminded of its obligation to provide such service to all customers. The expanded water distribution system should be monitored to insure that such service is being provided after completion of construction. If the level of service is inadequate or declining, or service pressure at any customer's meter is not within the requirements of 807 KAR 5:066, Section 6(1), Salt River should take immediate action to correct any problems with adequacy of service.

FINDINGS AND ORDERS

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that:

1. Public convenience and necessity require that the construction proposed in the amended application and record be

performed and that a certificate of public convenience and necessity be granted.

2. The proposed distribution system improvements include a 350,000-gallon storage tank and access road, a booster pumping station, 14,360 feet of 16-inch ductile iron pipe, 8,470 feet of 12-inch plastic pipe, boring and jacking pipe under I-65 and KY 61 and other miscellaneous appurtenances.

3. The low bids totaled \$979,700: \$125,300 for the storage tank, \$51,500 for the booster pumping station, and \$802,930 for distribution main construction. The financing required for this work will be approximately \$1,668,316 including engineering design fees, legal fees, resident inspection, interest during construction, and construction contingencies, other indirect costs and other construction.

4. The expanded water distribution system should be monitored to insure that adequate and reliable service is provided after completion of construction. If the level of service is found to be inadequate or declining, Salt River should take immediate action to insure that service to its customers will meet requirements of Commission regulations.

5. Any deviations from the construction herein approved which could adversely affect service to any customer should be done only with the prior approval of the Commission.

6. Salt River should obtain the Commission's approval before proceeding with any additional construction not expressly certificated herein or by the aforementioned Order of March 11, 1988.

7. Salt River should furnish duly verified documentation of the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Said construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission. Said plant accounts should show facilities that will be owned by Salt River separately from those facilities that will be owned by Kentucky Turnpike.

8. Salt River's contract with its Engineer should require the provision of full-time resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract plans and specifications and in conformance with the best practices of the construction trades involved in the project.

9. Salt River should require the Engineer to furnish a copy of the "as-built" plans and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

IT IS THEREFORE ORDERED that:

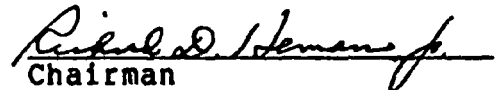
1. Salt River be and it hereby is granted a certificate of public convenience and necessity to proceed with construction of the north project as set forth in the drawings and specifications

of record herein on the condition that service levels be monitored and corrective action taken in accordance with Finding 4 of this Order.

2. Salt River shall comply with all matters set out in Findings 4 through 9 as if the same were individually so ordered.

Done at Frankfort, Kentucky, this 10th day of June, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director